

# **Maritime Industrial Zoning Overlay District**

## **2006 Annual Report**



## ACKNOWLEDGEMENTS

The Department of Planning and the Baltimore Development Corporation would like to thank the Maryland Port Administration and members of the Baltimore Industrial Group for their assistance in producing this report. Andrew Michael (M&T Bank) conducted and summarized the case studies in this report.

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## MIZOD Annual Report 2006

### EXECUTIVE SUMMARY

The Maritime Industrial Zoning Overlay District (MIZOD) was enacted in 2004 in an effort to reduce increasing conflicts between mixed-use development and maritime shipping by demarcating deep water areas in industrial precincts and reserving them for industrial use. The zoning overlay disallows planned unit developments (PUDs) and mixed uses such as office and hotel/motel, except when accessory. Included in the overlay district are existing industrial properties with deep water access and zoned “Heavy Industrial” (M-3) in portions of Canton, Fairfield, Curtis Bay, Hawkins Point, and Locust Point.

As required by ordinance, a report on business activity in the MIZOD should be submitted on a regular basis. The goals of the reports are not only to assess the effectiveness of the MIZOD in retaining maritime businesses and facilitating their expansion but also to provide longitudinal information regarding strengths and weaknesses of the ordinance to facilitate decision-making at the time of renewal (2014). The 2006 Annual Report is the first of that series, which will be used as a benchmark in future reports. Part I of the report shows trends of 5 key indicators collected for all firms/properties in the MIZOD; Part II describes the results of case study analysis for a small sample of firms in the MIZOD.

#### Part I

Data for five basic indicators was collected for all properties and/or firms in the MIZOD. Amount of fixed cost investments was assessed by summing up the number of permits issued for properties in the MIZOD and the reported cost of work. This report shows that while the number of permits fluctuates every year, the **average value per permit has steadily risen since 2001**. In order to measure the amount of tax revenues to the City of Baltimore generated by properties in the MIZOD, city property taxes less credit were summed for all properties in the MIZOD for fiscal years 2000 through 2006. Property tax credits in the MIZOD are the result of the Baltimore City Enterprise Zone Program, administered by the Baltimore Development Corporation (BDC). Between 2000 and 2006, the **number of private firms receiving the credit**, the **amount of credit granted** and the sum of **total taxes less credit** all **increased** in the MIZOD. The **number of firms (180)** located in the MIZOD could only be determined for the current year, 2006; subsequent reports will track this indicator over time. The volume of cargo movement in the MIZOD was determined by the **number of vessel arrivals** and **foreign cargo tonnage** between 2000 and 2005. Each of the measures decreased between 2000 and 2003, but then sharply rose beginning 2004 due to some external factors such as the rise in domestic demand for coal.

#### Part II

Five companies located in the MIZOD (CSX Coal Piers, Maritime Applied Physics Corporation, Domino Sugar, Inc., Maryland Port Administration South Locust Terminal, and Rukert Terminals) were selected for more in-depth case study analysis of the organizations operating in the Port of the Baltimore. The sample consists of firms situated in different geographic areas and engaged in a

variety of businesses. There are large and small companies and a mix of public and private enterprises. Five common themes and preferred actions emerged from interviews of the firms:

- 1) the Port of Baltimore offers an ideal location for conducting profitable business;
- 2) MIZOD protection allows companies to feel confident in making significant capital investment;
- 3) current MIZOD legislation should be extended beyond 2014;
- 4) industrial areas need buffering from residential areas for safety and security; and
- 5) Companies rely on local communities for work force supply and desire to be good, long-term neighbors.

## Introduction

The Maritime Industrial Zoning Overlay District (MIZOD) was enacted in 2004 in an effort to reduce increasing conflicts between mixed-use development and maritime shipping by demarcating deep water areas in industrial precincts and reserving them for industrial use. In general, it is difficult and costly for maritime and mixed uses to co-exist. Maritime shipping activity creates noise, dust, substantial truck traffic, unattractive and extensive outdoor storage areas, and twenty-four hour activity, all of which conflict with housing, entertainment and office uses. Yet, maritime users must have access to deep water; they also must invest in expensive infrastructure and dredging that can only be justified if a long amortization period can be assured. The expensive dredging required to maintain shipping access is also most cost effective when terminal sites are clustered together, and not scattered among uses for which deep water access is not necessary.

A recent Baltimore Development Corporation study<sup>1</sup> reported that needed investment in port facilities may be deferred due to uncertainty as to the City's policy regarding change of use. Once deep water sites are redeveloped for mixed use, it would be very difficult, if not impossible, to regain them for maritime use, irrespective of future need or economic necessity. Zoning is one of the few practical methods available for assuring the availability of deep water land for maritime shipping use.

However, the recent success of mixed-use redevelopment on the waterfront presented the City with a policy decision regarding the relative importance of two critical City objectives:

- Expansion of the new business and residential uses made possible by waterfront redevelopment, and,
- Preservation for maritime use of the deep water access essential to the Port of Baltimore.

The goal of establishing the MIZOD was to balance the needs of both mixed use and maritime shipping, maximizing each to the extent possible without harming the other. Therefore, the waterfront in the deep water sections of the harbor was categorized into two areas: Mixed-Use and Maritime Industrial. In the first, mixed use would be allowed, enabled and encouraged. In the second, maritime uses would be protected by the MIZOD by prohibiting conversion of land to non-industrial uses. The intention of demarcating the waterfront into clearly defined mixed-use and maritime industrial areas was to help streamline the development process by avoiding costly and time-consuming delays associated with site-by-site decision-making regarding change of use. Importantly, it is intended to protect the integrity of the maritime area, avoiding the leapfrogging of mixed use into maritime areas that has begun to threaten continued investment in the maritime commerce of the Port of Baltimore.

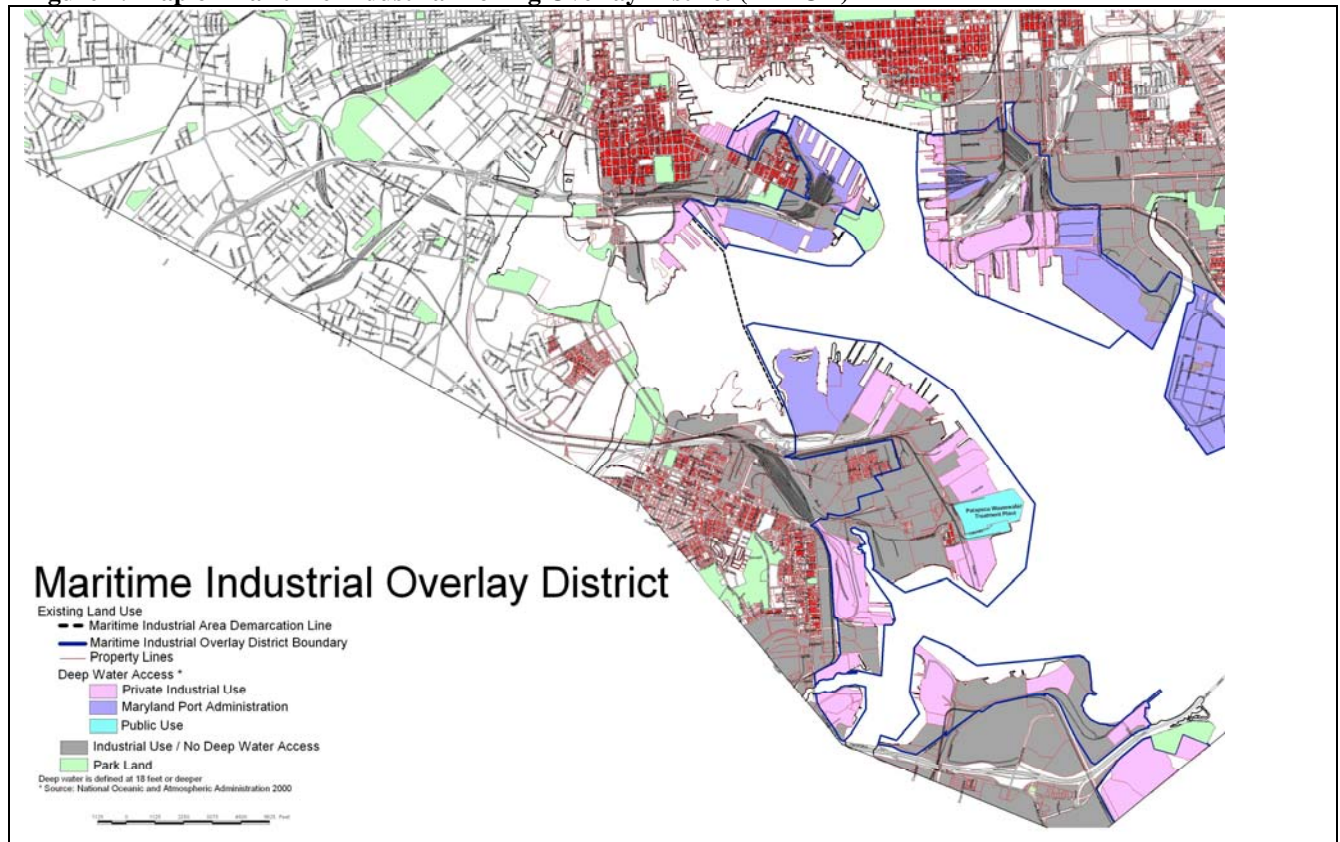
Included in the overlay district are existing industrial properties with deep water access and zoned "Heavy Industrial" (M-3) in portions of Canton, Fairfield, Curtis Bay, Hawkins Point, and Locust Point. Preservation of these areas for maritime industrial use is accomplished by applying the following provisions in the overlay area:

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<sup>1</sup> *Industrial Land Use Analysis, City of Baltimore, Maryland*, prepared for Baltimore Development Corporation by Bay Area Economics, November 26, 2002, page 22.

- Disallow Planned Unit Developments (PUD's), which are currently the principal method of accomplishing conversion from industrial to mixed use.
- Delete office as a principal use and hotel/motel from the conditional use lists.
- Allow only accessory use of offices, restaurants and taverns.
- The underlying zoning remains M-3.

**Figure 1: Map of Maritime Industrial Zoning Overlay District (MIZOD)**



## Annual Reports

As requested by Baltimore City Council (See Appendix A), a report on business activity in the MIZOD should be submitted on a regular basis. The proposed outline for the contents of the reports over the duration of the MIZOD (until 2014) is discussed below. The goals of the reports are not only to assess the effectiveness of the MIZOD in retaining maritime businesses and facilitating their expansion but also to provide longitudinal information regarding strengths and weaknesses of the ordinance at the time of renewal (2014).

### Year 1 (2006)

Part I: Collect data for all firms/properties within the MIZOD with respect to investment activity, property taxes and volume of cargo. These indicators were collected from prior to MIZOD adoption

(2000) to the most current year (2004-2006) in order to capture any changes in aggregate behavior over time.

List of Indicators

- Amount of fixed-cost investments
- Number of permits issued in MIZOD
- Property taxes
- Total number of firms in MIZOD
- Volume of cargo movement

Part II: Conduct detailed case studies of a small, representative sample of firms to assess impact of MIZOD on decision-making priorities.

Year 2 & 7 (2007 & 2012)

Part I: Collect annual data for all indicators.

Part II: Conduct a survey of firms in MIZOD to obtain more detailed and representative information on decision-making processes within maritime enterprises. Did the MIZOD provide stability to allow firms to expand and invest in fixed-cost improvements/labor? Did the MIZOD alleviate development pressure? Are firms considering relocating?

Additional indicators

- Corporate taxes (or net worth?)
- Employment (existing and planned)

Year 3 & 8 (2008 & 2013)

Part I: Collect annual data for all indicators.

Part II: Conduct input/output analysis to assess the regional impact of the MIZOD in retaining and expanding forward and backward economic linkages with industries in the MIZOD (i.e. suppliers, distributors, business support services, etc.)

Year 4, 5, & 6 (2009, 2010, & 2011)

Part I: Collect annual data for all indicators.

Year 9 (2014)

Part I: Collect annual data for all indicators.

Part II: Provide longitudinal analysis of MIZOD's 10-year history based on indicators collected, survey results, and economic impact statements in annual reports. This analysis will inform public policy for renewing, altering or discontinuing MIZOD in the future.



## PART I—MIZOD Indictors, 2000-2006

Table 1: List of Indicators		Year						
Indicator	Measurable	2000	2001	2002	2003	2004	2005	2006
Total Number of Permits Issued	Building and Maintenance & Repair Permits	87	45	83	59	52		
Fixed-Cost Improvements	Cost of Work	\$88,853,593*	\$10,595,039	\$23,321,841	\$17,853,304	\$17,739,608		
	Average value per permit	\$1,021,306	\$235,445	\$280,986	\$302,598	\$341,146		
Property taxes	Total	\$6,943,490	\$5,475,474	\$5,572,944	\$5,420,009	\$5,711,413	\$5,725,521	\$5,849,515
	Private Industry**	\$5,336,064	\$5,246,755	\$5,345,818	\$5,247,964	\$5,499,029	\$5,516,205	\$5,652,844
Number of Firms								184
Volume of Cargo Movement	Vessel Arrivals Source: Baltimore Maritime Exchange Inc.	1845	1979	1911	1887	2064	2119	
	Annual % Change		7.3%	-3.4%	-1.3%	9.4%	2.7%	
	MPA Terminals	1,048	1,146	1,166	1,119	1,176	1,272	
	MPA Dockage Days	1,988	1,988	1,882	1,888	2,093	2,224	
	Private Terminals	797	833	745	768	888	847	
	Total Foreign Cargo (Less LNG outside MIZOD) Source: US Maritime Administration/US Army Corps of Engineers	26,158,677	25,701,032	23,639,334	22,508,278	26,955,537	27,741,499	
	Annual % Change		-1.7%	-8.0%	-4.8%	19.8%	2.9%	

\*One permit issued in 2000 was for Vista Chemical Corp in the amount of \$43 million.

\*\*Private industry excludes government-owned, Public Service Commission and public utility properties.

## Total Number of Permits Issued and Fixed-Cost Improvements

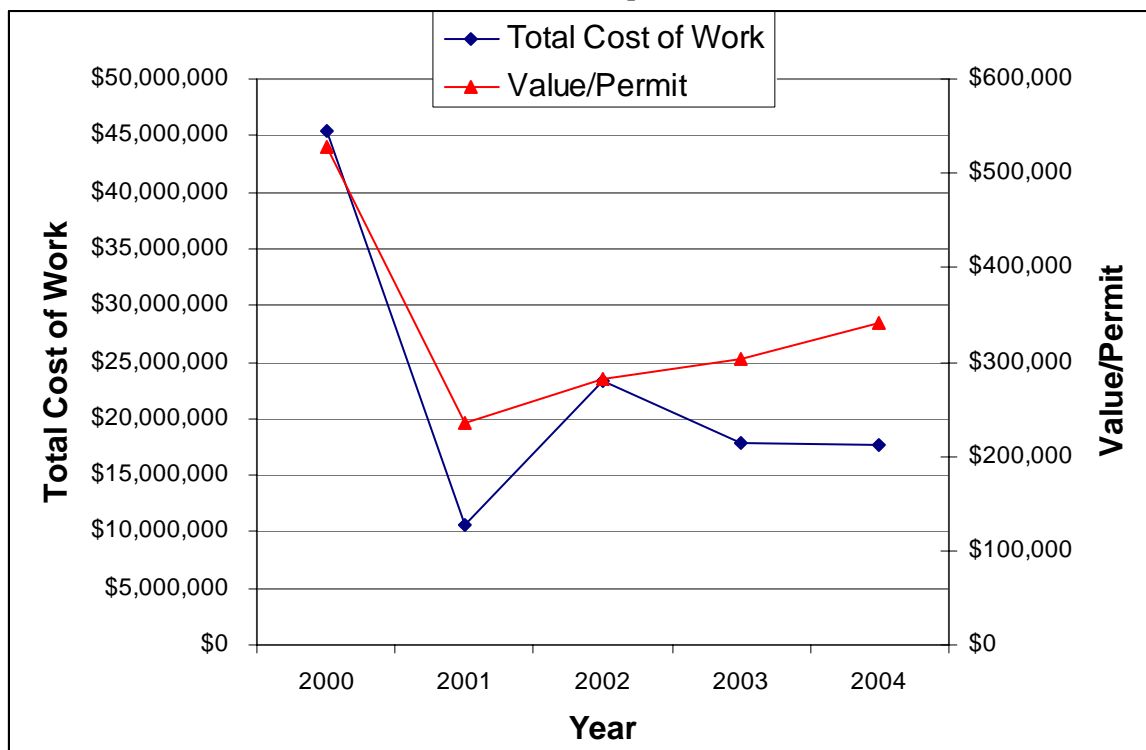
Permit data was collected for properties in the MIZOD between 2000 and 2004. In 2000, one permit alone was valued at \$43 million and was issued for construction-related costs of an overall \$90 million project by Vista Chemical Corp (now Sasol). The scope of the project was to modify equipment in the new paraffins dehydrogenation section of the plant and add a paraffins enhancement process (PEP) for reducing the use of chlorine and production of hydrochloric gas. Construction of new and modified equipment began in February 2001.

In subsequent years, although the *number* of permits fluctuated from 2001 to 2004, the average *value* per permit steadily rose from \$235,445 to \$341,146.

Table 2: Mizod Permits 2000 - 2004

Year	Cost of Work	# of Permits	Value/permit	Without outlying permit*		Value/permit
2000	\$88,853,593.00	87	\$1,021,305	\$45,353,593.00	86	\$527,367
2001	\$10,595,039.00	45	\$235,445	\$10,595,039.00	45	\$235,445
2002	\$23,321,841.00	83	\$280,986	\$23,321,841.00	83	\$280,986
2003	\$17,853,304.00	59	\$302,598	\$17,853,304.00	59	\$302,598
2004	\$17,739,608.00	52	\$341,146	\$17,739,608.00	52	\$341,146

Figure 2: Trends for Permit Total Cost of Work and Value per Permit (2000-2004)



## Property taxes

Property taxes less credit for all properties in the MIZOD were summed for fiscal years 2000 through 2006. There is a large *decrease* (nearly \$1.5 mil) in tax less credit between 2000 and 2001, primarily due to a decrease in the tax bill for many public (government-owned, Public Service Commission and public utility) properties in the MIZOD.

Although the tax less credit for private properties has grown between 2000 and 2006, there is a dampening effect due to increasing credits issued for revitalization of enterprise zones in the City (see below for program description). The number of private properties receiving enterprise zone credits has increased from 7 in 2000 to 17 in 2006. This indicates growing capital investment and/or employment within the MIZOD.

<b>Table 3: Property taxes</b>	2000	2001	2002	2003	2004	2005	2006
All Properties	\$6,943,490	\$5,475,474	\$5,572,944	\$5,420,009	\$5,711,413	\$5,725,521	\$5,849,515
Private Properties (Tax Less Credit)	\$5,336,064	\$5,246,755	\$5,345,818	\$5,247,964	\$5,499,029	\$5,516,205	\$5,652,844
Credit Amount to Private Industry	\$271,745	\$230,474	\$287,399	\$317,108	\$308,671	\$329,943	\$341,019
Number of Firms Receiving Credit	7	7	9	14	12	16	17

## Enterprise Zones

The State of Maryland Enterprise Zone (EZ) Program was established in 1982 as an economic development tool to stimulate job creation and business investment through the use of real property tax and employment tax credits in specific areas of the State. To further stimulate economic growth, Baltimore City received a Federal Empowerment Zone (EmpZ) designation in 1994 to foster sustained economic opportunity and promote community revitalization through employment tax credits, job training, and loan programs to assist community residents and businesses. Baltimore City Empowerment Zones are within the boundaries of the State Enterprise Zones enabling businesses to benefit from both programs. The Baltimore Development Corporation (BDC), the City's economic development agency, administers the Enterprise Zone Program and Empowerment Zone certification.

The continuing goals of expanding the Enterprise Zones include a focus on providing incentives to encourage development, redevelopment, and revitalization in valuable areas of the City of Baltimore to:

1. Attract new investments in underutilized industrial / commercial areas.
2. Provide incentives for the creation of new jobs targeted to City area residents. The jobs should offer a combination of full and part-time positions as well as skilled and unskilled employment opportunities.

3. Stimulate major capital investments by existing and new business and property owners. These investments will add significantly to the City's tax base, encouraging the use of local labor to the greatest extent possible for the implementation of capital improvements.
4. Retain and attract distribution, manufacturing related operations as well as industrial/commercial redevelopment in these newly expanded areas.

### **Eligibility for tax credit program**

A business is eligible for the tax credit program if it makes a capital investment in its property (i.e., constructs or renovates a building, or expands an existing facility) or hires at least one new employee in the EZ. Commercial as well as industrial projects are eligible.

#### **Property Tax Credit**

A ten-year credit against local real property taxes is offered for business improvements or new construction. The credit is based on new property taxes generated as a result of the expansion or new construction. In years 1-5, the jurisdiction where the operation is located will waive 80% of the new property taxes generated. In years 6-10 the credit decreases 10% annually.

### **Number of Firms**

In order to establish the current number of firms in the MIZOD, the following method was used to generate a list for 2006:

1. Property addresses in the MIZOD obtained from the Real Property file (Department of Planning)
2. MIZOD addresses queried on Stewart's Directory (BDC) to show firms listed at the address
3. Duplications/non-qualifying listings removed using the following protocol:
  - City-owned lands removed (mostly City-owned housing)
  - Landlords/leasers removed (not counted as firms in the MIZOD)
  - Firms with multiple locations/addresses (e.g. State of Maryland) in the MIZOD were counted once
  - Firms listed with previous and current names were counted once
    - SCM Chemical → Millennium → Lyondell
    - Vista → Sasol
    - Support Terminal Services → Valero
    - Universal Marine Terminal → APM

**Table 4: List of Firms in the MIZOD—2006**

3m Properties LLC
4 Way Motors
A Bit Of Class Limousine
AJF Rentco
Alcolac Inc
Amco Brokers & Forwarders
American Marine & Cargo Inc
American Port Services
Amoco Oil Co Bulk Terminal (Bitumar)
Air Jordan & Co
Association Of Maryland Pilots
Atlantic Container
Atotech USA Inc
Autocomm Inc
Baltimore Cargo Tank Services Inc
Baltimore Gas & Electric Company
Baltimore Packaging Llc
Baltimore Scrap Corporation
Baltimore Honda Boyz
Baltimore Forest Products Terminals
Basic Industries Inc
Bavarian Motor Transport
Benhill Steel Inc
Blue Circle Cement Inc
Bob And Jacks Trucking Inc
Brooklyn Terminals The
Browning-Ferris Inc
Brycon Corporation
Buffcoat Inc
C & T Transmission and Auto
C Steinweg of Baltimore
Carman & Co Marine Surveyors
Center Terminal Co Baltimore
Central Oil Asphalt Co
Ceres Marine Terminal Inc
Chesapeake Welding Supply
Chevron U S A Products Inc
Cianbro Corp Berths 5 & 6
Citgo Petroleum Corp
CNX Marine Terminal, Inc.

Colonial Pipeline Co
Commercl Testing & Engrg Co
Constellation Power Source Generation Inc
Contract Materials Process Inc
Corman-Imbach Marine Inc
Crown Auto Processing Inc
Crystal Oil Company
CSX Transportation Inc
Curtis Bay Company (CSX)
D A T E International
Dana Container Co
Davis Lift Truck Srv
Delta Chemical Corp
Dks Holding Llc
Domino Sugar Corporation
East Coast Granite Works LLC
Econocaribe Consolidators
Egan Boiler Service Co Inc
Enfield Llc
Epiphany Inc
Exxon Co USA
Fairfield Properties Llc
Fishing Point Properties Llc
Fleet Car Carriers Inc
FMC Corp Agri Chem Grp
Freight Masters Global Allnce
Furbish Company Llc
Gambel Industries
Gentile, M
Geo Specialty Chemicals Inc
George's Cafeteria
German Auto Inc
Griffith Consumers Co Inc
Gypsum Transportation Limited
Hahn Transportation
Haig Corporation
Harbor Nest Llc
Harborview Limited Partnership No 11
Hess Oil & Chemical Corp
Hobelman Port Services
Home Exterminating & Lawn Care
Hual North America Inc
Hydratech
Indstrl Systems Associates Inc

Intertek-Caleb Brett USA Inc
International Salt Company
Isuzu Corporation
J & W Holding Co Llc
J A Crane Co
J D F International Transport
J Warren Walker
K-Line America
L J Nadwodny & Sons Inc
Lafarge North America Inc
Liquid Transfer Terminals MD
M Davis & Son
Mace Electric Inc
Maersk Container Service Co
Major Packaging Products
Marine Repair Servs Of Md Inc
Maritime Applied Physics Corp
Maryland Port Administration
Maryland Transportation Authority
McCreath & Son of Baltimore, Inc
McLarens Toplis Na Inc
McLean Contractors
Md Tire Co
Mediterranean Shipping Co USA
Mercedes Benz USA
Mid-Atl Marine Surveyors Inc
Mid States Oil Refining Co
Millennium Chemicals
Miller Pipeline Corp
Mitsubishi Motors Sales
Mobil Oil Corp Balto Terminal
Motiva Enterprises Llc
MPG Transport Inc
MSOR Partners
National Gypsum Company
New Holland
Newkirk Real Estate Llc
Norcur Inc
O'boyle Tank Lines
Ocean Petroleum Co Inc
Old Fairfield Llc
P & O Ports of Baltimore Inc
P C S Sales Fertilizer Storage
P T O Energy Inc
Pasadena Forklift Llc
Pennington Partners Llc

Pennsylvania Lines Llc	Stevens Painton Inc	Tyco Electronics-Ssi
Petro Express	Stratus Center Baltimore Terminal Llc	U S Gypsum Company
Praxair-Vista Nitrogen Plant	Sunoco	United Leasing Inc
Premier Automotive Services	Support Terminal Services Inc	Univrsl Marine Terminal
Promover Llc	Supreme Auto Transport Inc	Us Naval Reserve Recruiting
Quality Carriers Inc	Suttles Truck Leasing Llc	Vane Terminal II Llc
Randstad North America	Tartan Terminals	Vascor
Recycle Sam	Terminal Corp, The	Vazquez Andrew Inc
Rukert Terminals Corp The	The Marksman Company	Vem Llc
S Coraluzzo	The Whiting Turner Contrng Co	W R Grace & Co
Sasol North America Inc	Tony's Diner	Wallenius Wilhelmsen Lines Inc
Sdj Investments Llc	Tosco Terminal Company	Weaverling Enterprises
Seaboard Asphalt Products Co	Trac Lease Joseph Michel	Wfp-Port Liberty Llc
SGS NORTH AMERICA INC. Minerals Services	Trans-Atlantic Agencies Inc	Wheelabrator Water Technology
Shell Oil Co	Transoceanic Cable Ship Company	Xtra Lease
Smith A & Sons Shipyard	Transport Svcs Inc	
South Side Yacht Brokers	Tri Star Transport	
Steuart Fuels		

**Total Number of Firms: 180**

## Volume of Cargo Movement

As shown in Table 1, the number of vessel arrivals in the MIZOD has risen from 1845 calls in 2000 to 2119 calls in 2005. The significant increase between 2003 and 2004 (9.4%) is in part due to a strike in Long Beach, CA, whereby ships were diverted to other ports around the country including Baltimore. With respect to differing rates of annual fluctuation in vessel calls between private and Maryland Port Administration terminals, there tends to be greater fluctuation at private terminals compared to MPA terminals due to the fact that private terminals handle primarily bulk cargo (raw materials), while MPA terminals handle primarily general cargo (higher value semi-finished and manufactured goods). There is less diversification among bulk commodities than among the vast variety of general cargoes that are shipped in containers. The volume of shipments of bulk raw materials such as coal, Liquefied Natural Gas (LNG), and iron ore are highly volatile and can fluctuate from year to year based on global market conditions which affect commodity prices. For example, an increase in domestic coal demand could decrease U.S. exports, or a mining strike overseas could decrease the availability of iron ore and lead to an increase in imported steel.

Much of the steady growth in vessel calls at MPA terminals can be attributed to MPA's long-term lease agreements with major shipping lines which are leaders in their market segments. In particular, Mediterranean Shipping Lines (containers) and WalleniusWilhelmsen (roll-on/roll-off and automobiles) have made long-term commitments to Baltimore, and their vessel calls and cargo shipments have been growing steadily.

<b>Table 5: Total Foreign Cargo</b>	2000	2001	2002	2003	2004	2005
Port of Baltimore (POB)*** Total Foreign Cargo (Short Tons)	26,158,677	25,701,032	23,639,334	24,739,101	31,816,038	32,425,743
LNG Outside MIZOD**** (Short Tons)	0	0	0	(2,230,823)	(4,860,501)	(4,684,244)
Total Foreign Cargo (Less LNG outside MIZOD) Source: US Maritime Administration/US Army Corps of Engineers	26,158,677	25,701,032	23,639,334	22,508,278	26,955,537	27,741,499
*** A portion of Dundalk Marine Terminal and the Sparrows Point complex are outside MIZOD; however, they are integral parts of the Port of Baltimore and there are synergies that benefit both MIZOD and the Port. **** Liquefied Natural Gas (LNG) is imported at Cove Point, MD, but is within the Baltimore Port District. This tonnage should be subtracted from POB tonnage to get MIZOD related tonnage.						

Liquefied Natural Gas (LNG) is a major reason for the large increase in total foreign cargo between 2002 and 2004. The increase of total foreign cargo less LNG is more muted, but it is still significant. The other major contributor to the increase from 2003 to 2004 was coal, for which exports increased 61% and imports increased 50% during that period. Overall, coal exports and imports rose from 4.5 million tons to 7.2 million tons, or 59%, between 2003 and 2004.

## Part II—Case Studies

### *Introduction*

This report documents the impact of the Maritime Industrial Zone Overlay District (MIZOD) on companies located in Port of Baltimore. The MIZOD was created in 2004 to ensure the preservation of limited deep-water<sup>2</sup> frontage of the Port of Baltimore for maritime use. The intent was to delineate an area where maritime shipping can be conducted without intrusion of non-industrial uses and where investment in maritime infrastructure is encouraged.

At the time of the legislation, the Baltimore City Council requested regular reports to assess the effectiveness of the MIZOD in retaining and encouraging maritime business. This section of the report provides in-depth case study analysis of the impact of the MIZOD on a sample of companies located in the zone. The Baltimore Development Corporation (BDC) and the Baltimore City Department of Planning (BDP) selected 5 companies that spanned the types of firms and the geography of the MIZOD. Selection was guided with assistance from the Baltimore Industrial Group (BIG). During the weeks of July 10<sup>th</sup> and July 17<sup>th</sup> 2006, interviews were conducted with leaders from the five selected firms. The interviews were open-ended but loosely structured around the following categories:

- Company Background
- Property Description
- Key Statistics
- Impact of the MIZOD
- Limitations of the MIZOD

Each interview was recorded for accuracy and the interviewees reviewed the summaries prior to publication. All forward-looking investment numbers should be viewed as estimates only which are based on the companies' understanding of the current business environment.

### **Companies**

The companies selected represent a sample of the organizations operating in the Port of the Baltimore. They are situated in different geographic areas and engage in a variety of businesses. There are large and small companies and a mix of public and private enterprises. Each firm is briefly described on the following page:

***CSX Coal Piers*** – As a division of CSX Transportation, the Coal Piers operation has been loading coal onto ships in Curtis Bay for over 125 years. The facility also imports iron ore

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<sup>2</sup> For the MIZOD, deep-water was defined as greater than 18 feet. The Chesapeake Bay channel is dredged to 50 feet and many of the terminals in the Port of Baltimore can accommodate very large ships. Some terminals accept Cape sized ships that are too large to fit through the Panama Canal.



briquettes, roadway salt, and urea from various sources and transports them by rail and truck to customers in the Mid-West and along the East Coast.

***Maritime Applied Physics Corporation (MAPC)*** – MAPC is a small but growing shipbuilding and engineering firm who moved from Annapolis to Fairfield in 2004. They develop prototype ships for the Navy and commercial customers and are interested in expanding operations to handle new boat production contracts.

***Domino Sugar, Inc.*** – Domino Sugar has been refining sugar in Locust Point since 1922. The refinery accepts semi-refined sugar from various international locations and trucks out processed sugar for commercial and retail customers. The company is privately held by Florida Crystals, Inc.

***Maryland Port Administration (MPA) South Locust Point Terminal*** – The MPA’s South Locust Point Terminal imports forest products and serves as Baltimore’s passenger cruise terminal. The cruise terminal was opened in May of 2006 and 28 cruises are expected to depart by December. This location is one of seven public terminals run by the MPA.

***Rukert Terminals Corporation*** – Rukert Terminals, located in Canton, is one of the largest private terminal operators on the East Coast. Since 1921, Rukert has specialized in the handling of metals, ores, fertilizers, alloys, and other dry bulk and general cargoes. Services include stevedoring, warehousing, and transfer to and from vessel, rail or truck.

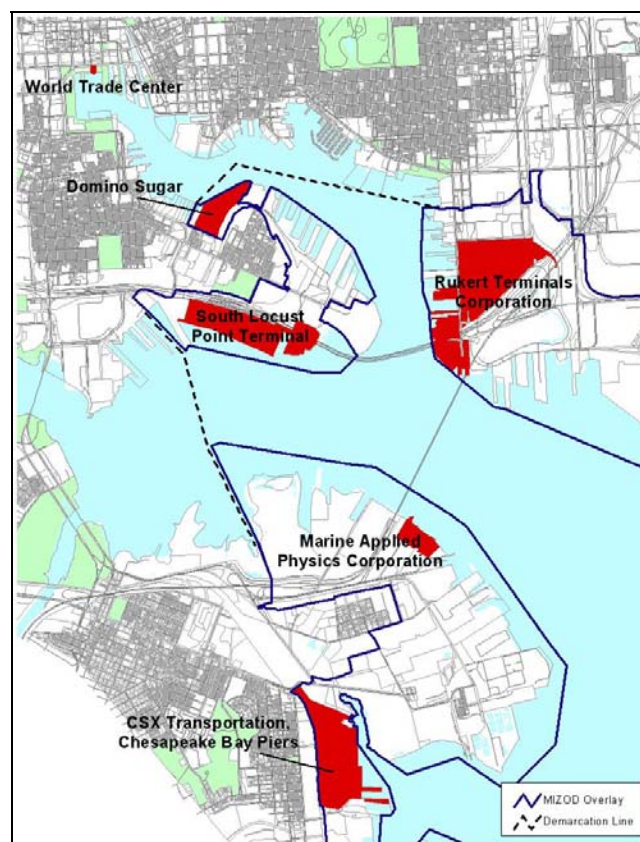


Figure 3 MIZOD Boundaries and Company Locations

## Conclusions

Although each company engages in unique businesses and faces different levels of pressure from developers, four common themes emerged from the interviews. Each theme is described below along with a few examples.

1. The Port of Baltimore offers an ideal location for conducting profitable business
  - Furthest inland deep-water access on the East Coast
  - Easy access to rail and truck transportation
  - Proximity to the center of the country
  - Easy to attract talented workers to area (activities, cost of living, etc.)
  - Companies are generating good returns on investment and want to stay
  - Alternate locations in the Baltimore area or elsewhere on the East Coast would not be as profitable because of Baltimore's location and existing transportation infrastructure
  - Industrial property with deep-water access is not available anywhere else in Maryland
2. MIZOD protection allows companies to feel confident in making significant capital investment
  - CSX is spending ~\$19 Million on pier repairs, shop improvements, and new equipment
  - MAPC is looking for land/facilities to expand manufacturing capacity
  - Domino recently brought NY and LA operations to Baltimore and installed a new \$1.5 Million product line. They are considering additional product lines, a warehouse, and a new R&D facility at the Baltimore facility
  - MPA spent \$26.4 Million since the start of the MIZOD building the cruise ship terminal in South Locust Point and finishing the North American Paper Terminal Shed
  - Rukert is building a state of the art 1000 ft pier for ~\$25 Million
3. The current MIZOD legislation, set to expire in Sept 2014, should be extended
  - Many investment decisions do not return profits for several years
  - Companies requesting financing for large projects may have difficulty getting loan approval because the MIZOD protection ends in 8 years
4. Industrial areas increasingly need buffering from residential and other non-compatible uses for safety and security
  - CSX: Warehouses not owned by CSX protect surrounding neighborhoods from coal dust and noise. Some residents in Locust Point complain about train switching at night.
  - MAPC: The reason they left Annapolis is that the waterfront became unfriendly to industrial tenants. Canton was not a good choice because of the close proximity of

- development. They find their current location in the middle of Amports car storage lot ideal.
- Domino: Developers want to turn neighboring Egan Marine site into a restaurant, which could create potential conflict.
  - Rukert: Company swapped land with Ed Hale to move away from development pressure near Boston Street. The Rukert operation produces dust and noise that might be irritating to residents adjacent to their property.
5. Companies rely on local communities for work force supply and desire to be good, long-term neighbors
- As opposed to white-collar jobs, industrial operations are difficult to move and provide employment for all types of workers.
  - Entry-level industrial jobs typically require little education yet pay well and offer competitive employee benefits
  - The companies are eager to work with City and community groups to allow for smart development and sustainable co-existence.

# **CSX Coal Piers**

## ***Interview Date: July 10, 2006***

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### **Company Background**

CSX Transportation, Chesapeake Bay Piers  
1910 Benhill Avenue  
Baltimore, MD 21226

Craig Blinke, Superintendent Coal Piers (410) 355-6302

CSX has operated in Baltimore for more than 175 years. In 1884, the B&O Railroad built a coal pier in Curtis Bay and in 1914 it was upgraded to the first coal pier to use conveyors to load ships. CSX has loaded coal onto ships since that time. Currently, the facility stores coal delivered by rail from mines in Western Maryland, West Virginia, and Western Pennsylvania and exports to customers all along the East Coast, Europe, and as far away as Japan. The coal storage facility at the site allows CSX to handle coal and sort it according to supplier or customer requirements. Additionally, bulk products like iron ore briquettes, roadway salt, and urea are unloaded from ships to railcars and transported throughout the CSX rail network. The roadway salt is delivered to the state of Maryland and its municipalities.

### **Property Description**

CSX Transportation and its affiliate, the Curtis Bay Company, own 140 acres across two parcels in the Curtis Bay Industrial Area, which is located within the MIZOD boundary. Additionally, CSX owns real estate throughout Baltimore outside the MIZOD and operates rail yards in Curtis Bay, Locust Point, and the Intermodal Terminal at Seagirt Marine Terminal in Canton. The Coal Pier property consists of three piers, a large ground storage area for coal, and several buildings. The company also leases space to a fertilizer company and two material testing companies. Two finger piers, each 900 feet long, are used for loading coal onto cargo ships. The southernmost pier was dredged last year to 52 ft and can handle Cape size ships. The third pier, a 600-foot long bulkhead, accommodates imports of bulk materials such as iron ore, roadway salt, petroleum coke, and urea.

### **Key Statistics**

- In 2005, approximately \$3.5 Million were spent on capital improvements (\$1.2 Million for a thaw shed, \$1 Million for track changes, \$1 Million for a bulldozer)
- In 2006, approximately \$3.8 Million have been or will be spent on capital improvements (\$1.2 Million for pier dredging, \$1 Million for a bulldozer, \$500k for yard equipment, \$1.1 Million in shop additions (city permit approved))

- Planned expenditures of \$3.5 Million in '07, \$3 Million in '08, and \$5 Million in '09 (additional bulldozers, repair of fender system on ship loader piers, shop additions, etc.)
- In 2005, the coal pier handled 300 ships and barges and used 35,000 railcars
- In 2005, annual tonnage included:
  - 3 million tons of coal
  - 500,000 tons of hot briquettes of iron ore
  - 250,000 tons of roadway salt
  - 100,000 tons of petroleum coke
  - 50,000 tons of urea (fertilizer ingredient)
- Number of Employees
  - There are approximately 45 employees at the Curtis Bay facility, 800 in Baltimore, and 1600 in Maryland with a metro area payroll of more than \$42 Million and state wide payroll of more than \$80 Million
- More than \$50 Million in annual spending and taxes state wide.

## **Impact of MIZOD**

### **CSX Operations Improvement**

The MIZOD has been critical in protecting the CSX Coal Pier operation. The MIZOD provides the security for the company to make significant capital improvements. Since the MIZOD passage in 2004, the company has funded over \$6.5 million worth of capital improvements and is planning additional expenditures in excess of \$10 million in the next three years. The Port of Baltimore provides an excellent location for exporting coal and importing bulk material. This, combined with the growing demand for U.S. coal worldwide, makes the Coal Pier operation at Curtis Bay highly profitable for CSX. One example of the regional benefits of capital spending is the impact of recent track improvements at Curtis Bay. The new track layout allows trains that were originally dedicated to the Coal Pier operations to additionally serve the transportation needs of the auto importers and chemical companies in Fairfield.

### **Regional Benefits of Capital Spending**

The CSX investment in the coal pier property directly affects multiple companies in Baltimore. Located on the Coal Pier facility, the Potash Corporation of Saskatchewan (PCS) imports urea and potash for manufacturing fertilizer used on the Eastern Shore. The company operates three storage buildings and imports over 50,000 tons of product annually. Two material testing firms also lease space on the Coal Pier property. Both SGS North America Mineral Services Division and McCreath & Son of Baltimore operate sampling labs on site. These companies all benefit from access to deep-water protected by the MIZOD. The other beneficiaries of the CSX capital spending are the specialized contracting firms that will be asked to bid on the pier repairs and the building contractors who built the thaw shed and who will soon start work on the shop additions.

### **Limitations of the MIZOD**

The MIZOD has been very beneficial to CSX Coal Piers but more protection is needed. During the initial MIZOD process, the adjoining parcel of land that runs along the east side of Curtis Avenue was not included in the zone. At the time, this area was zoned M-3 (full industrial) and contained several business operating out of large warehouse buildings. These warehouses provide a critical buffer for the community against the noise, vibration, and dust, created by the Coal Pier operation. Although CSX sprays their piles of coal to minimize dust, the warehouses provide an additional buffer between CSX and the residential community. In a recent urban renewal plan (Brooklyn/Curtis Bay), the community wanted to change the zoning for these warehouses from M-3 to B-2-2, which would allow first-floor commercial mixed with residential units above. CSX would like to create a MIZOD buffer in the zoning code, which would protect these warehouse buildings and prevent this type of incompatible land use. To continue operations, CSX feels it is very important to provide separation between the industrial operation of the coal pier and the local residential community.

Another limitation of the MIZOD is that the CSX rail yards in Curtis Bay along Shell Road and Bayview near Route 40 are not included. Only CSX rail yards in Locust Point were included and that operation is already under pressure from adjacent mixed-use Development. CSX uses all three of their rail yards around the clock, 365 days a year to serve port-related and local businesses. These yards are necessary to manage the flow of rail traffic into and around Baltimore. Because the rail lines are operating close to capacity, each site is critical for the operation of the entire CSX network. If even one of these links were forced to close, a large portion of the CSX operation would be impacted. These areas could also benefit from zoning protection and integrated land use and transportation development as the port industries depend on the railroads to safely and cost effectively move goods to and from their operations. These lines are critical to servicing the MIZOD.

#### **Additional Questions:**

- Are you considering other locations for your operation? If so, why?
  - No. Curtis Bay is the only remaining location with rail infrastructure and piers connecting to deep-water.
- What was your role in MIZOD legislation?
  - CSX worked closely with the City for the MIZOD to protect business in Curtis Bay area and protect their capital investments in the facility
- Are there potential problems from developers?
  - Yes. Pressure caused by mixed-use developments and rising residential property values cause conflicts because of incompatible land uses abutting one another.
- What are the impacts of the new port security requirements?
  - To comply with Homeland Security regulations, CSX spent \$140k in fences and \$300k annually to provide guards that were not required before. The company decided to put a fence at the end of each pier to control access. During times of heightened security, a guard is positioned at each gate.

# Maritime Applied Physics Corporation

*Interview Date: July 13, 2006*

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## Company Background

Maritime Applied Physics Corporation  
1850 Frankfurst Ave  
Baltimore, MD 21226  
[www.mapcorp.com](http://www.mapcorp.com)

Mark Rice, President (443) 524-3330 x113

Maritime Applied Physics Corporation (MAPC) is a 20 year old engineering and manufacturing company focused primarily on marine projects. The firm's 50 employees are a mix of naval architects, engineers, and fabricators. Its products include prototype marine vehicles, hybrid electric vehicles, and a launch and recovery system for U.S. Navy ships. Customers include the U.S. Government and various commercial organizations. The employee-owned company is growing steadily and needs to expand its manufacturing facilities to accommodate expected production contracts. As a ship builder, MAPC requires access to water depths of greater than 15 feet in an area zoned for industrial use. The company chose their current location in 2004 because the Baltimore harbor offers the unique combination of industrial property with deep-water access in the Chesapeake Bay region.

## Property Description

The MAPC facility, leased from Amports, is located in the Fairfield industrial area. The building houses both office and fabrication space and sits on a 2-acre parcel in the middle of Amports' new car storage lot. The lease includes 300 feet of waterfront access and riparian rights out to the channel. The property was formally used as a World War II Liberty Ship shipyard and the building was recently constructed by General Dynamics to operate a cable laying ship terminal.

## Key Statistics

- The company is attempting to acquire additional manufacturing space as close as possible to the current facility. They plan to purchase rather than lease the additional facilities.
- In 2005, two unmanned boat prototypes were built
- No specific site improvements have been made since the company moved to the Fairfield site in 2004
- 50 employees of which 10% are Baltimore City residents

## **Impact of the MIZOD**

Although the company was not aware of the MIZOD when deciding to move to Baltimore, MIZOD protection was key to their selection of the Fairfield site. For many years, the company leased facilities in the former David Taylor Research Center near Annapolis. The facility was initially scheduled to be a maritime technology development center but eventually was converted to Class A office space. This was not compatible with MAPC's needs and they decided to search for a new location. Their ideal spot was an industrial location with access to deep-water for testing new products. In 2004, the company started looking for space in Canton but was concerned by the increasing residential development and did not expect the land use to be compatible for the expected life of the company. In the Fairfield location, they found a modern facility in a protected industrial area that allowed for easy deep-water access.

Today, a significant problem for MAPC is finding space for expansion. The current location is ideally suited to operate their current business but anticipated growth in production contracts will require new manufacturing facilities. MAPC hopes to locate these facilities as close as possible to the current building because of the industrial location and deep-water access. New manufacturing facilities will require significant capital spending in the MIZOD region.

### **Additional Questions:**

- Are you considering other locations for your operation? If so, why?
  - No. An extensive search in 2004 revealed the Fairfield location was the best for MAPC. There are no other deep-water sites near their customers in Washington, DC.
- What was your role in MIZOD legislation?
  - The company was not aware of the MIZOD legislation prior to locating at Fairfield.
- Are there potential problems from developers?
  - Not in the Fairfield area in which they operate because the surrounding land is all zoned for industrial use.
- What are the impacts of the new port security requirements?
  - MAPC is governed by the U.S. Coast Guard because of their access to the water. In addition, as a government contractor they have security requirements that must be maintained. Fortunately, the site is protected by the security measures taken by their landlord, Amports, to protect the new cars that are stored on the property.



# **Domino Sugar, Inc.**

*Interview Date: July 18, 2006*

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## **Company Background**

Domino Sugar Corporation  
1200 E Key Highway  
Baltimore, MD 21230

Richard Baker, Refinery Manager, (410) 783-8602

Domino Sugar has been refining sugar in Locust Point since 1922. Semi-refined sugar is purchased on the world market and delivered by ship or barge to the refinery. It is then further refined, packaged for a wide variety of commercial and retail uses, and sent by truck and rail to customers all over the United States. Domino operates additional sites in New Orleans and New York. Recently, partially due to complaints from residential neighbors about the noise and truck traffic, their New York refinery in Brooklyn was closed and the majority of the production was moved to Baltimore. Additionally, in 2005, Hurricane Katrina severely affected the New Orleans facility forcing that production to move to Baltimore. The refining business at the Baltimore site has been very successful for Domino and the company wants to continue to grow. Because of the MIZOD, they have been able to acquire new land to improve their operations and invest in projects necessary to make the refinery profitable for many years to come.

## **Property Description**

The Locust Point site is ideally suited for refining sugar. Access to 42' deep-water, rail siding, and the major highways of the East Coast allows Domino to transport raw materials and finished goods to almost two thirds of America's population. Key trucking routes include I-95 to reach the East Coast corridor, I-83 to access key candy manufacturers in Pennsylvania, and I-70 to reach the Mid-West. Domino owns a 27.5-acre parcel on the Harbor and a 4-acre site on the south side of Key Highway. Over one-third of a mile of the site's waterfront faces downtown; residents from Federal Hill to Fells Point identify the view of Domino Sugar as a city landmark. The refinery operates 24 hours a day, six to seven days per week. In an attempt to minimize the impact on the Locust Point community, the noisier machinery has traditionally been situated on the Harbor side of the property. In 2006, \$150k to \$200K has been spent to better muffle that machinery to reduce noise pollution within the residential communities of Fells Point and Canton.



**Figure 4 Domino Refinery**

### **Key Statistics**

- In 2006, approximately \$2 Million were spent in capital improvements for a new product line and mufflers for noisy equipment
- Between \$5 and \$15 Million in expenditures have been planned over the next 3 years of for new product lines, a warehouse project, and an R&D facility
- On average, the refinery receives 25 ships and 20 barges per year from each of the following locations: Florida, Dominican Republic, Philippines, Australia, Brazil, South Africa, Mozambique, Zimbabwe, Mauritius
- The refinery employs between 450-475 employees of which 53-55% are Baltimore City residents

### **Impact of MIZOD**

The MIZOD has been very important in Domino's decision-making process. Although there is significant pressure from developers interested in redeveloping the Locust Point peninsula, the current Baltimore site is critical to the company's global operations and every effort is being made to maintain operations here. The MIZOD allows Domino to feel secure in investing in capital improvement projects that will let them continue to profitably refine sugar.

A specific benefit of the MIZOD involves the 4-acre Tidewater Marine property adjacent to Domino's facility. As part of the City's effort to provide better access to the Tide Point commercial development further east on the peninsula, Key Highway is being widened. For many years, Key Highway stopped just after Domino's property and Domino trucks were routinely parked along the road prior to loading. With the added traffic flow caused by the extension of Key Highway, Domino's trucking operation would be significantly impacted. Because the MIZOD protected the Tidewater Marine from mixed-use development and kept the price reasonable, Domino was able to buy the site and build a new truck parking facility. This has allowed them to handle more trucks and as a result, they were able to increase the overall plant capacity.

Another benefit of the MIZOD is the security it affords in investing in capital improvements. In 2005, Domino installed a new product line for \$1.5 million and plans are in the works for other new product lines, additional warehouse facilities, and a new research and development lab. Without the MIZOD, Domino would have difficulty investing in these projects because they may not provide returns for several more years.

## **Limitations of the MIZOD**

The MIZOD boundaries provide a substantial amount of protection for Domino. However, they still face challenges from developers looking to modify adjacent land for non-industrial use. One example is the Egan Marine site located west of Domino's property. This site is in the MIZOD but developers would like to turn it into a restaurant. Domino opposes this because it is adjacent to their new truck parking area. Besides the potential inconvenience from noise and dirt produced by the 200 trucks per day, there are serious safety issues. The trucks operate very late at night and restaurant patrons may hit or be hit by the truck traffic.

In addition to noise and safety concerns, another significant reason that Domino prefers as much buffer around the facility as possible is security. Due to their access to the water, they fall under Maritime Security (MARSEC) requirements from the Coast Guard. Additionally, the Food and Drug Administration heavily regulates the product they produce. Because sugar is a major ingredient in 80% of all processed food, the FDA requires Domino to protect their product and ensure its safety during transportation. The greater buffer that Domino has from the surrounding community, the easier it is to maintain a secure work site.

Finally, because the Baltimore location is ideal for Domino, they would like to see the MIZOD extended for several more years. They feel strongly that the added protection offered by the MIZOD is critical when making long-term business decisions. The longer the protection is in place, the more invest they can make in the property.

## **Additional Questions:**

- Are you considering other locations for your operation? If so, why?
  - No. In fact, production from Brooklyn, NY and New Orleans has been moved to Baltimore. The access to the highways and rail lines are critical as inland transportation costs increase.
- What was your role in MIZOD legislation?
  - Domino pushed heavily for the MIZOD and continues to actively support the zone.
- Are there potential problems from developers?
  - Yes, developers are interested in the entire Locust Point peninsula and Domino's view of the Inner Harbor is unique.

- What are the impacts of the new port security requirements?
  - Security and safety are key elements because they are close to the water and because sugar needs to be protected as a major food ingredient. The MIZOD and the subsequent purchase of the Tidewater Marine site will allow Domino to better control access to the site.

# **Maryland Port Administration South Locust Point**

*Interview Date: July 19, 2006*

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## **Port Background**

South Locust Point Terminal  
Maryland Port Administration  
The World Trade Center  
Baltimore, MD 21202

Ben Lieberman, Manager of Market Planning, Maryland Port Administration (410) 385-4470

Kathleen Broadwater, Deputy Executive Director, Maryland Port Administration (410) 385-4405

The Maryland Port Administration (MPA) is responsible for development and oversight of the seven public marine terminals in the Port of Baltimore. In some cases, the MPA manages terminal operations, and in others it acts as a landlord, leasing portions of the public terminals to shipping companies and private terminal operators. At South Locust Point, MPA's role is that of landlord. In addition, the MPA oversees the dredging program for the entire Port of Baltimore. This includes developing and managing dredged material placement sites as well as coordinating with U.S. Army Corps of Engineers on the vast majority of the dredging work which is conducted by the Corps. The MPA is also responsible for the promotion and marketing of the entire port, including public and private terminals.

For this case study, the South Locust Point terminal was selected because of its close proximity to non-industrial development on Locust Point. The facility has both a passenger cruise terminal and a forest product terminal. In May of 2006, the cruise terminal commenced operation and there are 28 cruises scheduled for calendar year 2006. The number of passengers should exceed the 2005 total at Dundalk of 119,219. South Locust Point was selected as the new cruise terminal for the port of Baltimore because of its access to Interstate 95 and easily available parking. Additionally, significant investment has been made in the forest products terminal in the last few years. The MIZOD is important to the port because it provides protection against other potential uses for the land in Locust Point. Because the terminal is in an ideal location, the MPA intends to continue investment and increase both the forest products and cruise business.

## **Property Description**

The South Locust Point terminal sits on 79.4 acres between Interstate 95 and the Middle Branch of the Patapsco River. The site is divided between the cruise terminal and the forest product cargo terminal. There are four 36-foot draft general cargo berths, two 40-long ton container cranes, and one 100-short ton revolving gantry crane. For covered storage, there are three warehouses totaling 620,000 square feet and another (215,000 square feet) is in the design stage. The cruise terminal is 55,000 square feet and there is parking on site for passengers. The

neighbors to the west include Tyco Marine and Constellation Energy and the neighbors to the east include C. Steinweg and Fort McHenry National Park.

This terminal has become a major hub for high quality imported printing paper. Two paper companies have signed long-term leases at the terminal. One of the existing sheds was developed and the new shed currently under design is being developed based on the long-term commitments from these companies. The investment in new facilities as well as the terminal's excellent highway and rail access were important factors in convincing these companies to expand their business in the Port of Baltimore.

The new South Locust Point cruise terminal has advantages over the previous Dundalk cruise operation in that passenger and cargo operations are completely separated at South Locust Point. The new terminal has its own entrance, so that cruise passengers do not have to use the cargo gate and drive through an area with cargo operations. Parking is separate and secure and is closer to the new terminal than it was at Dundalk. The South Locust Point cruise terminal has excellent highway access from I-95, and cruise ships docked at South Locust Point are readily visible to traffic traveling up and down I-95.



**Figure 5 The South Locust Point Terminal**

## **Key Statistics**

- Capital expenditures from January 2004 through June 2006 totaled \$26.8 million. This includes completion of the North American Paper Terminal shed (which began in FY2001) and completion of the new cruise terminal conversion. It also includes engineering expenditures for another new forest products shed.
- Projected capital expenditures over the next 6 years include \$3 million for land acquisition to expand cruise terminal parking, \$4.5 million to fill the Fruit Slip and \$26 million for construction of the new forest products shed.
- In 2005, the terminal worked 43 cargo ships and one barge. The cruise terminal opened in May 2006, and there are 28 cruise ships scheduled for sail in 2006.
- Passenger counts are not yet available for 2006, but the port handled 119,219 passengers at Dundalk Marine Terminal in 2005.

- Cargo volume in 2005 was 421,635 tons
- The Port employs over 8,100 people at all of its public terminals (No breakdown is available for South Locust Point)

## **Impact of MIZOD**

The MIZOD has less of an effect on the Maryland Port Administration than private commercial firms because as a government entity, the MPA has more control over its own land use. That said, the South Locust Point site benefits from MIZOD protection because it is ideally suited for its current use. Because the MPA believed that the area would remain industrial, they have invested significant amounts to improve the facilities. Those decisions could not have been made if there was doubt about future land use in the immediate area. At other MPA terminals, there has been pressure to sell or lease waterfront property for residential use, and the MIZOD has greatly reduced this development pressure.

## **Limitations of the MIZOD**

The MIZOD is beneficial to the MPA on a larger scale and its extension would make marketing of the port easier. Along the same lines, increased buffer between the industrial activities of the port and nearby residential uses is in the best interest of the MPA. These improvements would be very helpful in keeping current business here and attracting new companies and customers to the port.

## **Additional Questions:**

- Are you considering other locations for your operation? If so, why?
  - No. The South Locust Point terminal is ideal for both the cruise terminal and forest product handling.
- What was your role in MIZOD legislation?
  - The MPA was active in petitioning the city for MIZOD protection.
- Are there potential problems from developers?
  - Developers routinely request the MPA for use of land for parking or other non-industrial uses but the MPA wants to maintain the land for industrial use only.
- What are the impacts of the new port security requirements?
  - Security and safety are important elements for the MPA. As an example, since the cruise terminal is separated from the cargo terminal, the safety of the passengers is protected and non-authorized persons are prevented from accessing the cargo terminal

# **Rukert Terminals**

*Interview Date: July 20, 2006*

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## **Company Background**

Rukert Terminals Corporation  
PO Box 5163  
2021 South Clinton Street  
Baltimore, Maryland 21224-0163  
(410) 276-1013  
<http://www.rukert.com/>

John Coulter, President, (410) 276-1013 x223 john@rukert.com

Rukert Terminals is one of the largest privately owned marine terminals on the East Coast. Since 1921, Rukert has specialized in the handling of metals, ores, fertilizers, alloys, and other dry bulk and general cargoes. Services include stevedoring, warehousing, and transfer to and from vessel, rail or truck. The bulk and general cargo business is growing steadily and finding room to expand to meet demand is a continuing challenge. As a family-owned business, Rukert intends to continue passing down control from generation to generation. This structure, coupled with the strong demand for imported raw materials and finished goods, means that Rukert intends to operate in Baltimore for many more years.

## **Property Description**

The site is located on South Clinton Street in Canton and has expanded several times over the last 80 years. The southern edge of the property is adjacent to the vent house for the Fort McHenry tunnel and Interstate 95 runs directly under the terminal. To the north, Petroleum and Fuel (formerly Apex Oil) stores oil in large storage tanks. The property is approximately 130 acres containing:

- 1,000,000 square feet of covered storage (24 warehouses) for bulk or break-bulk metals, ores, fertilizers, alloys, and salt.
- 65 acres of paved outside storage
- 3 deep sea berths as follows:



Facility	Operation	Length	Depth
Pier 5	Bulk (PECO Gantry Crane)	875 feet	39.5 feet
Lazaretto A	Bulk / Break-Bulk / Containers	525 feet	35 feet
Pier C	Break-Bulk / Special Projects	1000 feet	35 feet

Rukert's capabilities include the dockage of bulk carriers, general cargo vessels, roll on-roll off vessels, self-unloaders and barges.

### Key Statistics

- In 2005, \$973,486 were spent on capital improvements
- In 2006, capital improvements expenditures will be approximately \$1.3 Million
- in next three years, approximately \$30 Million in expenditures are planned mostly for a new pier
- In 2005, 171 ships and 5 barges were handled, equaling a cargo tonnage of 1,741,000; 62,167 trucks and 353 railcars were loaded.
- The company employs 152 employees of which 45 are city residents.

### Impact of MIZOD

For several years, Rukert has felt pressure from developers interested in developing their site for mixed use. The majority of their waterfront property affords excellent views of Fort McHenry and is convenient to I-95. In the last 10 years, property values on Boston Street have increased significantly and so has development pressure on Rukert. At the same time, the demand for imported products has also grown significantly encouraging Rukert to look for additional land to expand their operation. In 2001, prior to the implementation of the MIZOD, Rukert attempted to shore up their location by completing a deal with Ed Hale. Rukert traded 17 acres on the corner of Boston and Clinton Streets for 27 acres adjacent to their main property. One stipulation for the deal was that no residential units could be built on the former Rukert property. This was designed to provide a buffer for Rukert's industrial operation.

The MIZOD has allowed Rukert to make substantial capital investments to improve their property. The site is ideal for a terminal because it is very close to the deep-water channel, has access to railroads, and sits on top of I-95. Also, the general location in Baltimore provides excellent access to customers in the middle of the country. With the protection afforded by the MIZOD, Rukert has decided to start a \$25 Million pier construction project to replace a 1960's pier that collapsed. The pier will be state of the art in the port designed to last 100 years. It will be 1000 feet long, dredged to 50 feet, and be able to support 2000 pounds per square foot. This level of design is unusual in the port, but because the company wants to stay in business for several more generations, they feel the investment is warranted.

## Limitations of the MIZOD

There are two important limitations of the MIZOD from Rukert's perspective. First, the expiration in 8 years does not provide sufficient long-term protection. It is difficult to make investment decisions and get approval for loans without the commitment from the City that the area will stay industry friendly. The other key issue is that a buffer zone is needed between the industrial areas and residential development. This buffer does not need to be maritime related but should be land use that protects residents from industry and vice versa. In Rukert's case, there are safety and security issues that make a buffer attractive. Also, bulk materials like roadway salt are stored in very large open piles and occasionally generate dust that residents may find annoying.

## Additional Questions:

- Are you considering other locations for your operation? If so, why?
  - No. The Canton location is very good because it is close to the deep-water channel and the major interstates of the East Coast. The location is also strong because trucks are always available in the area and the business sometimes requires very fast turnarounds.
- What was your role in MIZOD legislation?
  - Rukert pushed heavily for the MIZOD and was actively involved in the creation of the legislation.
- Are there potential problems from developers?
  - Yes. The Rukert property is directly across the harbor from Fort McHenry and is near the growing residential community in Canton.
- What are the impacts of the new port security requirements?
  - Rukert recently spent over \$300k on technology enhancements to increase security. The site is sensitive because of its deep-water access and location above the Fort McHenry tunnel.



**Figure 6 Rukert Terminals Property**

## **Appendix A—City Ordinance 04-804**

**CITY OF BALTIMORE**  
**ORDINANCE 04-804**  
**Council Bill 04-1344**

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Introduced by: The Council President  
At the request of: The Administration (Department of Planning)  
Introduced and read first time: April 19, 2004  
Assigned to: Land Use and Planning Committee  
Committee Report: Favorable with amendments  
Council action: Adopted  
Read second time: July 12, 2004

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**AN ORDINANCE CONCERNING**

**Zoning – Maritime Industrial Overlay District**

FOR the purpose of establishing a Maritime Industrial Overlay District to which certain additional zoning regulations apply; defining certain terms; designating certain use, bulk, and other regulations for the Overlay District; prohibiting certain uses within the Overlay District; providing for the automatic termination of this Ordinance; and generally relating to the establishment, administration, and effect of an overlay zoning district.

By adding

Article - Zoning

Section(s) 8-401 through 8-411, inclusive, to be under the subtitle designation

“Subtitle 4. Maritime Industrial Overlay District”

Baltimore City Revised Code

(Edition 2000)

**SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE,** That the Laws of Baltimore City read as follows:

**Baltimore City Revised Code**

**Article – Zoning**

**Title 8. Overlay Districts**

**SUBTITLE 4. MARITIME INDUSTRIAL OVERLAY DISTRICT**

*PART I. DEFINITIONS; OVERVIEW*

**EXPLANATION:** CAPITALS indicate matter added to existing law.  
[Brackets] indicate matter deleted from existing law.  
Underlining indicates matter added to the bill by amendment.  
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from existing law by amendment.

**Council Bill 04-1344**

**§ 8-401. DEFINITIONS.**

(A) *IN GENERAL.*

IN THIS SUBTITLE, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(B) *MARITIME.*

“MARITIME” MEANS OCEAN-GOING SHIPPING AND COMMERCE ASSOCIATED WITH THE PORT OF BALTIMORE.

(C) *MARITIME INDUSTRIAL OVERLAY DISTRICT; DISTRICT.*

“MARITIME INDUSTRIAL OVERLAY DISTRICT” OR “OVERLAY DISTRICT” MEANS THE AREA DESIGNATED ON THE ZONING MAPS ADOPTED UNDER THIS ARTICLE AS THE MARITIME INDUSTRIAL OVERLAY DISTRICT.

**§ 8-402. DESIGN.**

THE MARITIME INDUSTRIAL OVERLAY DISTRICT IS DESIGNED TO ENSURE THE PRESERVATION OF LIMITED DEEP-WATER FRONTAGE OF THE PORT OF BALTIMORE FOR MARITIME USE . THE INTENT IS TO DELINEATE AN AREA WHERE MARITIME SHIPPING CAN BE CONDUCTED WITHOUT THE INTRUSION OF NON-INDUSTRIAL USES AND WHERE INVESTMENT IN MARITIME INFRASTRUCTURE IS ENCOURAGED.

**§§ 8-403 TO 8-405. {RESERVED}**

*PART II. GENERAL REQUIREMENTS*

**§ 8-406. IN GENERAL.**

IN ADDITION TO THE GENERAL PROVISIONS OF TITLE 3 {“GENERAL RULES”} OF THIS ARTICLE, THE FOLLOWING PROVISIONS APPLY TO THE MARITIME INDUSTRIAL OVERLAY DISTRICT.

**§ 8-407. USE REGULATIONS.**

(A) *IN GENERAL.*

EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ALL USES IN THE OVERLAY DISTRICT ARE AS OTHERWISE ALLOWED BY THIS ARTICLE FOR THE UNDERLYING DISTRICT.

(B) *PROHIBITED USES.*

NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, THE FOLLOWING USES ARE PROHIBITED WITHIN THE OVERLAY DISTRICT:

(1) HOTELS AND MOTELS.

(2) OFFICES: BUSINESS AND PROFESSIONAL, OTHER THAN ACCESSORY.

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(3) PLANNED UNIT DEVELOPMENTS.

(4) RESTAURANTS AND LUNCH ROOMS, OTHER THAN ACCESSORY WITHOUT LIVE ENTERTAINMENT OR DANCING.

(5) TAVERNS.

(6) ANY OTHER USE THAT IS NOT EXPRESSLY ALLOWED BY THIS ARTICLE FOR AN INDUSTRIAL DISTRICT.

### § 8-408. BULK REGULATIONS.

THE BULK REGULATIONS SET FORTH IN THIS ARTICLE FOR EACH UNDERLYING DISTRICT APPLY TO PROPERTIES IN THE OVERLAY DISTRICT.

### § 8-409. OFF-STREET PARKING.

OFF-STREET PARKING SPACES MUST BE PROVIDED IN ACCORDANCE WITH TITLE 10 {"OFF-STREET PARKING REGULATIONS"} OF THIS ARTICLE AS IT APPLIES TO THE UNDERLYING DISTRICT.

### § 8-410. SIGNS.

SIGNS ARE ALLOWED ONLY IN ACCORDANCE WITH TITLE 11 {"SIGN REGULATIONS"} OF THIS ARTICLE AS IT APPLIES TO THE UNDERLYING DISTRICT.

## *PART III. ADMINISTRATION*

### § 8-411. PROPOSED AMENDMENTS.

(A) *IN GENERAL.*

ANY PROPOSED AMENDMENT TO THE MARITIME INDUSTRIAL OVERLAY DISTRICT MAP MUST BE REVIEWED IN ACCORDANCE WITH TITLE 16 {"LEGISLATIVE AUTHORIZATIONS"} OF THIS ARTICLE.

(B) *PLANNING COMMISSION REVIEW.*

IN ADDITION, THE PLANNING COMMISSION MUST CONSIDER THE PROPOSED AMENDMENT IN RELATION TO:

(1) THE MASTER PLAN;

(2) THE NEED TO ENSURE THE LONG-TERM PRESERVATION OF THE DEEP WATER ASSETS OF THE PORT OF BALTIMORE FOR MARITIME USE; AND

(3) THE NEED TO PROTECT MARITIME USES FROM THE INTRUSION OF NON-INDUSTRIAL USES.

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1       **SECTION 2. AND BE IT FURTHER ORDAINED**, That the area outlined in red on the map  
2 accompanying this Ordinance (Amended Map dated July 8, 2004) is designated as the Maritime  
3 Industrial Overlay District to which this Ordinance and Title 8, Subtitle 4 of the Baltimore City  
4 Zoning Code, as enacted by this Ordinance, apply.

5       **SECTION 3. AND BE IT FURTHER ORDAINED**, That as evidence of the authenticity of the  
6 accompanying map and in order to give notice to the agencies that administer the City Zoning  
7 Ordinance: (i) when the City Council passes this Ordinance, the President of the City Council  
8 shall sign the map; (ii) when the Mayor approves this Ordinance, the Mayor shall sign the map;  
9 and (iii) the Director of Finance then shall transmit a copy of this Ordinance and the map to the  
10 Board of Municipal and Zoning Appeals, the Planning Commission, the Commissioner of  
11 Housing and Community Development, the Supervisor of Assessments for Baltimore City, and  
12 the Zoning Administrator.

13       **SECTION 4. AND BE IT FURTHER ORDAINED**, That the catchlines contained in this Ordinance  
14 are not law and may not be considered to have been enacted as a part of this or any prior  
15 Ordinance.

16       **SECTION 5. AND BE IT FURTHER ORDAINED**, That the Department of Planning and the  
17 Baltimore Development Corporation shall report annually to the City Council on the success of  
18 the Maritime Industrial Overlay District.

19       **SECTION 5 6. AND BE IT FURTHER ORDAINED**, That this Ordinance takes effect on the 30th  
20 day after the date it is enacted. This Ordinance will remain effective for 10 years; at the end of  
21 that period, with no further action by the Mayor and City Council, this Ordinance will be  
22 abrogated and of no further effect.

Certified as duly passed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
President, Baltimore City Council

Certified as duly delivered to His Honor, the Mayor,

this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Chief Clerk

Approved this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Mayor, Baltimore City